

PROPERTY **E**CONOMICS



DRURY CENTRE PRECINCT

STAGE 2 FAST TRACK ACT

ECONOMIC IMPACTS

Client: Kiwi Property Holdings No.2 Ltd

Project No: 52459

Date: February 2025



SCHEDULE

Code	Date	Information / Comments	Project Leader
52459.9	February 2025	Report	Phil Osborne / Tim Heath

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1. DRURY CENTRE PRECINCT – STAGE 2

Property Economics have been commissioned to undertake a high-level economic impact assessment (EIA) to determine the economic impacts that will flow from the application by Kiwi Property Holdings No.2 Limited (**Kiwi Property**) for a resource consent regarding the development and construction of the proposed Drury Metropolitan Centre Stage 2 ('Project') within the Drury Centre Precinct on approximately 95ha of land bounded by Great South Road, Waihoehoe Road, Fitzgerald Road, and the Hingaia Stream in Drury, Auckland.

This EIA is designed to provide an economic assessment in terms of the Fast-Track Approvals Act (2024) ('the FTAA') based around economic injection, employment, and scale of economic impacts / benefits for the economy. Provisions of the FTAA that are directly relevant to this report include:

- Section 3 which states that, *"The purpose of this Act is to facilitate the delivery of infrastructure and development projects with significant regional or national benefits."*
- Section 85 which records when a panel must or may decline approval and specifies that a panel may decline consent where *"adverse impacts are sufficiently significant to be out of proportion to the project's regional or national benefits."*
- Schedule 5 Clause 7 which requires economic effects to be assessed in the Assessment of Environmental Effects.
- Schedule 5 Clause 17 which specifies the criteria for assessing consent applications and provides that the greatest weight is to be given to the purpose of FTAA.

In addition, section 22 of FTAA sets out the criteria for assessing referral applications. This is not a referral application but following criteria are relevant to the proposal:

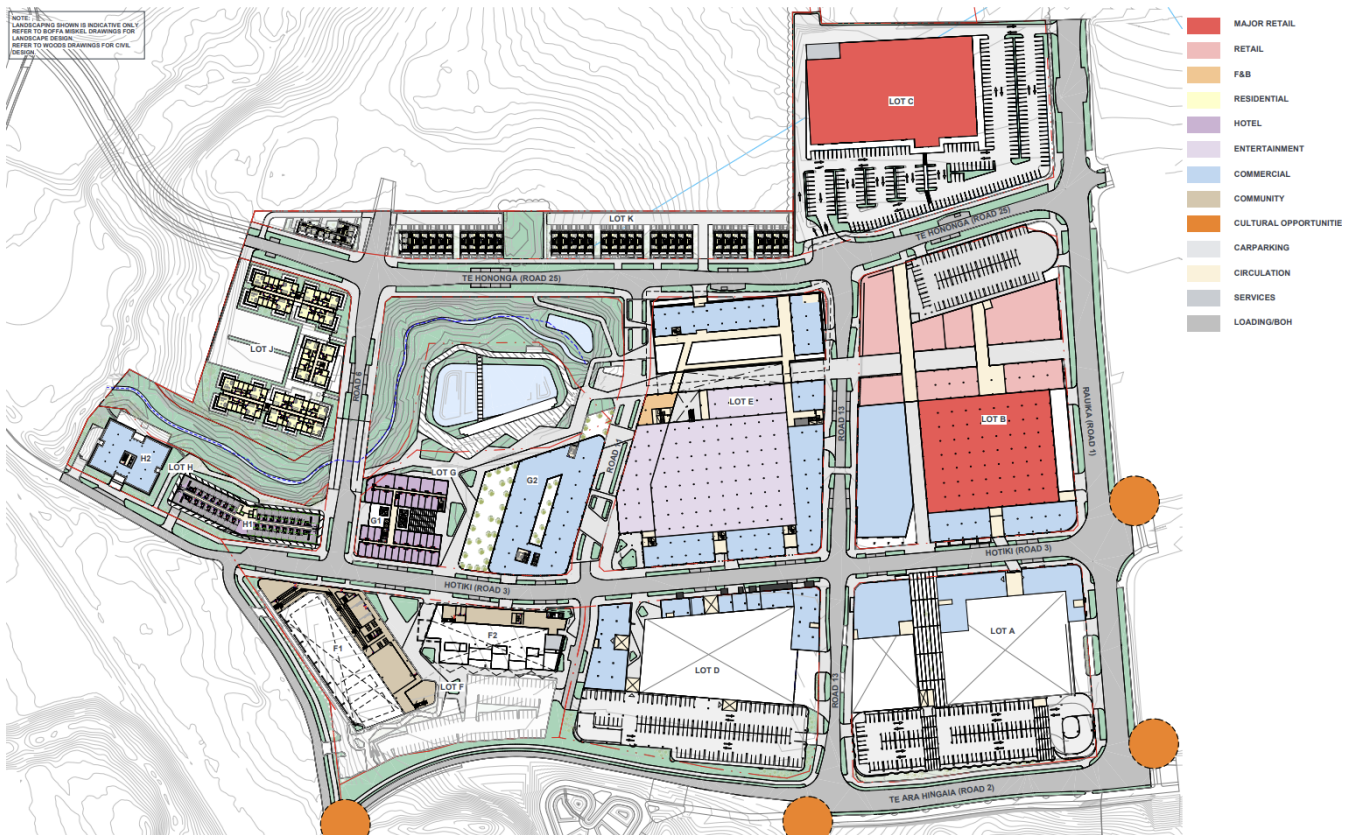
- Whether the proposal “*will increase the supply of housing, address housing needs, or contribute to a well-functioning urban environment (within the meaning of policy 1 of the National Policy Statement on Urban Development 2020)*” (Section 22(2)(a)(iii)); and
- Whether the proposal “*will deliver significant economic benefits*” (Section 22 (2)(a)(iv)).

In short, the FTAA supports development proposals to expedite the consent process where the proposed development results in significant regional or national benefits, the efficient operation of the consenting process and contributes to a well-functioning urban environment (as per Policy 1 of the National Policy Statement on Urban Development (NPS-UD)).

Stage 2 of the Drury Centre Precinct development contains multiple activities across around 220,000sqm of Gross Floor Area (GFA). These include:

- Large Format Retail – 20,200sqm GFA
- Specialty Retail Stores – 29,100sqm GFA
- Commercial Offices - 30,000sqm GFA
- Hospitality - 14,000sqm GFA
- Community - 2,200sqm GFA
- Hotel 13,500sqm – GFA
- Residential - 10,300sqm GFA
- Aquatic Centre - 5,500sqm GFA
- Carparking – 71,800sqm GFA
- Other areas including common areas and service areas – 29,000sqm GFA
- 292 residential lots

Figure 1 following provides an outline of the ground level masterplan of the proposed development.

FIGURE 1: DRURY METROPOLITAN CENTRE STAGE 2 DEVELOPMENT OUTLINE


Source: Ignite

1.1. INFORMATION & DATA SOURCES

Information has been obtained from a variety of reliable data sources and publications available to Property Economics, including:

- Input / Output Tables - Statistics NZ
- Business Frame Data - Statistics NZ
- Proposed Development Costings – Kiwi Property
- Stage 2 Development GFA – Kiwi Property
- Stage 2 Development Outline Plan – Ignite

1.2. AUTHOR

Philp Osborne is an economic consultant for the company Property Economics Limited, based in Auckland.

My qualifications include Bachelor of Arts (History / Economics), Masters in Commerce, and Masters in Planning Practice from the University of Auckland.

I have 25 years' experience advising local and regional councils, central government agencies, and private developers throughout New Zealand in respect of a wide range of property issues, including economic impact assessments, commercial and residential market assessments, economic cost benefit analyses and forecasting market growth and land requirements across all property sectors. I have undertaken numerous Economic Impact Assessments for FTAA applications.

I confirm that, in my capacity as author of this report, I have read and abide by the Environment Court of New Zealand's Code of Conduct for Expert Witnesses Practice Note 2023.

2. EXECUTIVE SUMMARY

Kiwi Property proposes to develop a second stage to the Drury Metropolitan Centre with associated services and facilities of around 220,000sqm across 95ha of land.

The total economic impact on business activity within the Auckland region as a result of the subject development over a 11-year period is estimated to be just over \$1.45bn (NPV)¹.

The direct regional impact on the Construction and Construction Services sectors associated with direct employment measure approximately 3,420² FTE years.

In terms of employment multipliers³ this would contribute a further 3,403 FTEs, with around 1,270 FTEs during the peak development and operation year within Auckland, realising a total number of FTE years at 7,750 over the 11-year development period.

In addition to these quantifiable regional employment contributions, the proposed Project would generate a wide range of net economic benefits to the wider market and communities, including:

- Increased Employment Opportunities and Economic Activities
- Operational Efficiencies and Increased Competitiveness
- Sector Specific Growth
- Increased Local Amenity
- Greater Levels of Investment in the Local Market
- More Affordable Housing
- Greater Levels of Growth
- Increased Internalisation of Retail and Drury Centre Expenditure
- Improved Land Use Efficiency
- More efficient Infrastructure Use

¹ Net Present Value

² These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs) and relate to job years rather than one employee.

³ Employment Multipliers relate to the level of indirect and induced employment activity generated through the expenditure on and off site.

These economic benefits, in conjunction with the economic injection into the regional economy and employment opportunities deriving from the construction phase, are likely to significantly outweigh any associated economic costs associated with increased traffic, congestion and potential reverse sensitivity effects.

Overall, our assessment supports the Drury Centre Precinct Stage 2 development from an economic perspective in the context of the RMA and FTAA, particularly given these will reinforce and complement the regional economic benefits that will flow from the development of Stage 1.

3. DRURY CENTRE PRECINCT OVERVIEW

As a result of Plan Change 48 – Drury Centre Precinct (**PC48**), approximately 95ha of land bounded by Great South Road, Waihoehoe Road, Fitzgerald Road, and Hingaia Stream was rezoned to a mix of Metropolitan Centre Zone, Mixed Use Zone, and Informal Recreation Zone.

The consented Stage 1 development of the Drury Centre Precinct is situated on the northern side of Brookfield Road, covering around 40.5ha of land. The existing consents allow for the construction of new buildings primarily for retail purposes (mainly Large Format Retail (**LFR**)), with a total GFA of up to 32,000sqm, along with 13 super lots designated for future residential development within this Stage 1 development area.

This Application seeks to enable the proposed Stage 2 development immediately to the north of the Stage 1 development. In total, the Application will enable total of around 220,000sqm of GFA within the Drury Centre Precinct.

The focus of this assessment is on the economic impacts of the Stage 2 development, however it is noted that additional commercial, community and superlots for future residential development are also proposed, and this mix of activities is anticipated by the underlying zoning and precinct plans.

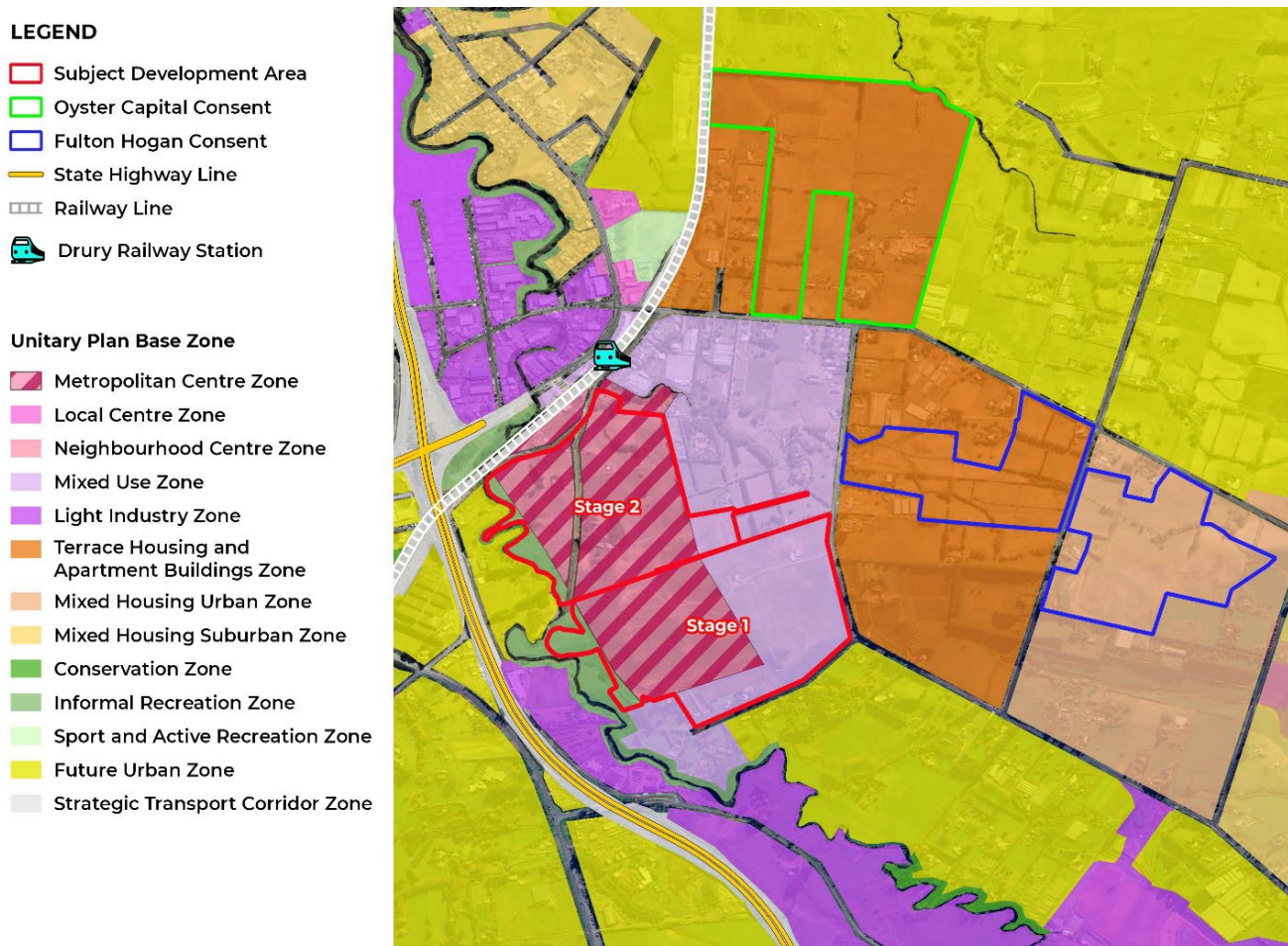
Figure 2 illustrates the extent and surrounding zoning contexts of both Stage 1 and Stage 2 developments under the Auckland Unitary Plan Operative in Part (**AUP**).

The development site primarily falls under a mix of Metropolitan Centre Zone and Mixed Use Zone. As per AUP Chapter H9.1, metropolitan centres are identified to accommodate a diverse array of activities, encompassing commercial, recreational, high-density residential, tourism, cultural, community, and civic services. Therefore, greater concentration and density of retail and commercial use are envisaged outcomes for the Drury Centre Precinct. Once fully realised, the Drury Centre is positioned to become a regionally significant shopping destination servicing a broad economic catchment in the southern part of the Auckland region and in northern Waikato.

Moreover, the site is efficiently located positioned adjacent to the city's public transport railway line and State Highways (SH1 and SH22). Sited strategically within this rapid transit corridor, the development site holds significant potential for various activities and is master planned to optimise land utilisation efficiency.

Building on the existing Stage 1 consent, this Application aims to introduce additional compatible retail, commercial and community spaces to the area several years earlier, thereby unlocking and catalysing the development of the Drury Centre and its surrounding residential environs. Given the site's location, this Application would improve the efficiency and contribute positively to the functioning of the region's urban environment.

FIGURE 2: DEVELOPMENT AREA IN THE CONTEXT OF THE SURROUNDING ZONE ENVIRONMENT



Source: Auckland Council, LINZ, Google Maps

CONSENTED SURROUNDING ENVIRONMENTS

As depicted in Figure 2 above, there are two consented residential projects in close proximity to the Drury Centre Precinct: the Fulton Hogan project (outlined in **Navy**) and the Oyster Capital project (outlined in **Green**). These developments received consent through the COVID-19 Recovery (Fast-track Consenting) Act process for the construction of a combined total of 605 dwellings, 37 residential super lots, and necessary infrastructure and associated works.

The Stage 1 consent included 13 superlots for future residential development, this is proposed to be varied as part of this consent to 292 residential lots. Introducing additional retail, commercial and community spaces adjacent to these residential developments both accelerates growth and enhances the liveability and vibrancy of the area, contributing positively to the social and economic wellbeing of this local community.

Furthermore, planning approvals have been granted for the Drury Central and Paerātā railway stations in early 2022, and the Ngākōroa (Drury West) railway station has recently been approved.

The Drury Central Railway Station is situated immediately north of the Stage 2 development. Anticipated for completion from 2025, these three stations will serve residents across a broad area and provide regional access to Drury via public rail options. Proximity to the Drury Central Railway Station would significantly enhance the performance (\$ per sqm) and accessibility of future activities within the Drury Centre.

Considering the consented residential and significant infrastructure investments in its immediate vicinity, the subject development is strategically positioned to become a regional retail and employment hub. The proposed activities are compatible and will provide the required amenities and services to establish a well-functioning metropolitan centre.

4. ECONOMIC CONTEXT

In assessing the potential economic impacts of the proposed development, it is important to first establish the context in which the impacts will be assessed. For the purposes of this assessment the two important parameters are:

- 1) The geospatial extent of the economic impact. While the provision of the proposed Drury facilities and related activities in Auckland could have a national economic impact, the majority of impacts are likely to be retained within the Auckland region.
- 2) In terms of the statutory considerations, the Resource Management Act (RMA) provides context in terms of the utilisation of natural resources. It calls for the “*efficient use and development of natural and physical resources*” (Part II section 7(b))⁴.

This can be considered from the perspective of economic efficiency which can be defined as “*the effectiveness of resource allocation in the economy as a whole such that outputs of goods and services fully reflect consumer preferences for these goods and services as well as individual goods and services being produced at minimum cost through appropriate mixes of factor inputs.*”⁵

This report has not considered the profitability of the proposed development's operations and relies on the motivation of the applicant to assume that the development is feasible.

⁴ Resource Management Act 1991, section 7(b).

⁵ Pass, Christopher and Lowes, Bryan, 1993, *Collins Dictionary of Economics* (2nd edition), Harper Collins, page 148.

5. ECONOMIC IMPACT CONTEXT AND CONSIDERATIONS

This economic impact assessment relates to a development of Kiwi Property's Drury Centre facilities (the **Project**).

The economic impact estimates the total additional gross economic injection⁶ (added Gross Domestic Product (GDP)) into the Auckland regional economy that would be brought about by the Project. The initial specifications and details have been provided by the applicant and represent the development's configuration and costings at this point in time.

It is important to note that this is not site specific (i.e., Property Economics have not endeavoured to identify the extent to which particular parts of the Auckland Region will benefit economically). The report also assesses the likely economic impacts upon aggregate Auckland business activity given the composition of activities proposed.

Although there are undoubtedly economic benefits that are specific to the location, they are primarily driven by proximity to transport corridors, efficiencies, ownership opportunities, site size and the opportunity costs associated with other sites.

The economic impacts likely to be experienced as a result of the Project are broken down by the development phase which includes the construction costs (CAPEX⁷) of the development and the proportion of those costs that are retained within the Region.

The economic impacts fall into three categories:

- Direct Impacts
- Indirect Impacts
- Induced Impacts

Direct economic impacts are derived from the actual spending / expenses incurred through the construction of the anticipated development.

Indirect economic impacts are the increased spending brought about by those firms / households and their employees / occupants, that are involved in the construction phase for the development.

Induced economic benefits are measured in terms of the additional income that will be spent in the area due to increased business activity. This takes account of the increased spending that arises, in the community, as a result of increases to household income for employees or

⁶ For example, this has not taken into account the short-term loss of operational employment currently on site

⁷ CAPEX – Capital Expenditure

owners of firms that benefit from expenditure directly on construction or indirectly on supporting industries or services.

Furthermore, a high-level overview of the associated economic costs and benefits arising from the proposed Project is provided to facilitate a more comprehensive understanding of the development's economic merits in the context of the FTAA.

5.1. TOTAL ECONOMIC ACTIVITY

This includes construction costs, which have been valued for the overall development.

The impact of this injection on the initial business cycle has been calculated. This 'construction multiplier' was based on the national input-output tables produced by Statistics New Zealand (based on 48 sectors), which were then assessed at a regional level based on Auckland economic activity, composition and productivities.

This estimates the 'leakage' from the regional economy (within specified sectors), and therefore the overall regional production (within a given business cycle) for each \$1 injected.

This was performed for the general and commercial construction sectors. These multipliers are based on 'net' flows by broad sector type and are therefore approximations.

Total output impacts to the Auckland catchment for the proposed developments include:

- Direct Construction Cost x 'Construction Multiplier' +
- Direct Development Cost x 'Development Multiplier' +
- Direct Increased Commercial Spending x 'Commercial Multiplier' +
- Indirect Business Spend x 'Commercial Multiplier' +
- Induced Retail Spending x 'Retail Multiplier'

Each identified multiplier relates simply to the economic sector from which the activity is generated.

5.2. ASSUMPTIONS

The following assumptions have been applied in this impact analysis in order to assess the level of economic injection into the overall regional economy at this time. This has some (limited) impact on the distributional effects (within the region) of the costs and benefits but can be quickly adjusted to accommodate more specific construction and on-going costs and injections.

It is important to note that while this assessment is based on the Auckland Region, the distribution of these effects within the region are likely to be materially skewed towards South Auckland.

1. For the purposes of this Economic Impact Assessment, it has been assumed that the construction costs will fall within the definition of the following categories (based on a standard 'special' commercial ratio): 'residential construction', 'non-residential construction', 'non-building construction', 'other construction services'⁸.
2. Associated (and estimated) land costs have been included in the financial repayment assessment for the Project.
3. Financial or loan costs on capital primarily fall outside of the regional catchment and impact the national economy.
4. The origin of labour has been assessed based on regional labour movements furnished by Statistics NZ based on 2018 data. However, employment data has been updated as per the Statistics NZ Business Frame data⁹ to March 2024¹⁰.
5. This report deals with the economic impact of proposed development on Auckland. These are specifically the direct impacts related to the construction of the proposed development.
6. The economic activity generated is based on the development's gross activity and does not consider this redirecting growth opportunities from elsewhere in the catchments. As stated, this assessment is not site specific.
7. For the purposes of this report a 6% discount rate has been applied.
8. Labour movements are based on average retention rates rather than specific company locations.
9. The proportion of materials and labour internalised in direct benefits to Auckland are based on standardised labour movements as well as employment and production composition within the Region. The amount of each 'flow-on' dollar

⁸ Note the retention of activity is generally different between residential development and often more specialised commercial construction.

⁹ Business Frame Data – provides Statistics NZ measure of employment in an area by ANZSIC sector.

¹⁰ Note more recent changes in labour movements from Waikato to Auckland (following more recent house price changes) may result in some identified Auckland impacts being accommodated within Waikato

retained in Auckland are based on the movement of resources (including labour) between other districts and regions.

Table 1 following outlines the resulting impacts on the Auckland regional economy as a result of the development.

5.3. TOTAL AUCKLAND REGIONAL ECONOMIC ACTIVITY

TABLE 1: TOTAL GROSS AUCKLAND REGIONAL ECONOMIC INJECTION (\$MILLIONS)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Direct Expenditure (\$m)												
Land												
Earthworks / Civil Works	\$20.0	\$16.0	\$4.0									\$40.0
Civil Consultants	\$4.0	\$6.0	\$10.0									\$20.0
Other							\$8.0	\$6.0	\$6.0	\$5.0		\$25.0
Levies				\$12.0	\$10.0	\$7.0	\$5.0	\$4.0	\$4.0	\$4.0	\$4.0	\$50.0
Infrastructure	\$15.0	\$20.0	\$20.0	\$25.0	\$45.0	\$20.0	\$25.0	\$20.0				\$190.0
Total Development Costs (excl. land)	\$39.0	\$42.0	\$34.0	\$37.0	\$55.0	\$27.0	\$38.0	\$30.0	\$10.0	\$9.0	\$4.0	\$325.0
Retail/Commercial		\$55.8	\$55.8	\$55.8	\$55.8	\$55.8	\$55.8	\$55.8	\$55.8	\$55.8	\$55.8	\$557.6
Service/Common Areas		\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$134.8
Parking/Other		\$20.8	\$20.8	\$20.8	\$20.8	\$20.8	\$20.8	\$20.8	\$20.8	\$20.8	\$20.8	\$208.1
Community		\$1.3	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3	\$13.4
Aquatic Centre		\$5.5	\$5.5	\$5.5	\$5.5	\$5.5	\$5.5	\$5.5	\$5.5	\$5.5	\$5.5	\$55.0
Hotel		\$10.8	\$10.8	\$10.8	\$10.8	\$10.8	\$10.8	\$10.8	\$10.8	\$10.8	\$10.8	\$107.7
Residential		\$4.9	\$4.9	\$4.9	\$4.9	\$4.9	\$4.9	\$4.9	\$4.9	\$4.9	\$4.9	\$49.3
Total Construction		\$112.6	\$112.6	\$112.6	\$112.6	\$112.6	\$112.6	\$112.6	\$112.6	\$112.6	\$112.6	\$1,125.9
Total Construction and Development Costs (excl. Land)	\$39.0	\$154.6	\$146.6	\$149.6	\$167.6	\$139.6	\$150.6	\$142.6	\$122.6	\$121.6	\$116.6	\$1,450.9
Increased Local Spend*				\$0.5	\$1.3	\$1.9	\$2.6	\$3.0	\$3.6	\$4.2	\$4.7	\$21.8
Total Direct Expenditure (excl. land)	\$39.0	\$154.6	\$146.6	\$150.1	\$168.9	\$141.5	\$153.2	\$145.6	\$126.2	\$125.7	\$121.3	\$1,472.7
Level 2 Multiplier Impacts												
Total Auckland Output (48 sector multipliers)			\$110.1								\$126.6	\$236.7
Total Auckland Output NPV (48 sector multipliers)	\$48.4	\$183.2	\$165.6	\$159.4	\$173.0	\$138.3	\$144.1	\$131.4	\$109.4	\$104.6	\$96.9	\$1,454.3
Employment (FTE Years)												
Development Employment	221	284	193	210	312	153	216	170	56	50	22	1,887
Construction Employment		855	722	630	487	441	435	408	400	393	385	5,155
Other Employment	12	135	96	82	75	68	62	48	46	46	41	711
Total Employment (FTE years)	233	1,273	1,011	922	874	662	712	627	502	489	448	7,753

Source: Property Economics

Note 1: Increased Local Spend by residents, employees, construction workers and additional business spend through the different stages of the development.

Note 2: Sector multipliers represent the impacts on Auckland as a result of direct, indirect and induced activities.

Table 1 illustrates that the total (direct, indirect and induced) impact on business activity within the Auckland region as a result of the Project's Stage 2 development over a 11-year construction period to 2035 is estimated to be around \$1.45 billion Net Present Value.

In terms of employment multipliers this is estimated to contribute around 1,270¹¹ jobs during the peak development and operation year within Auckland, with a total number of FTE years estimated at approximately 7,750 over the same period to 2035.

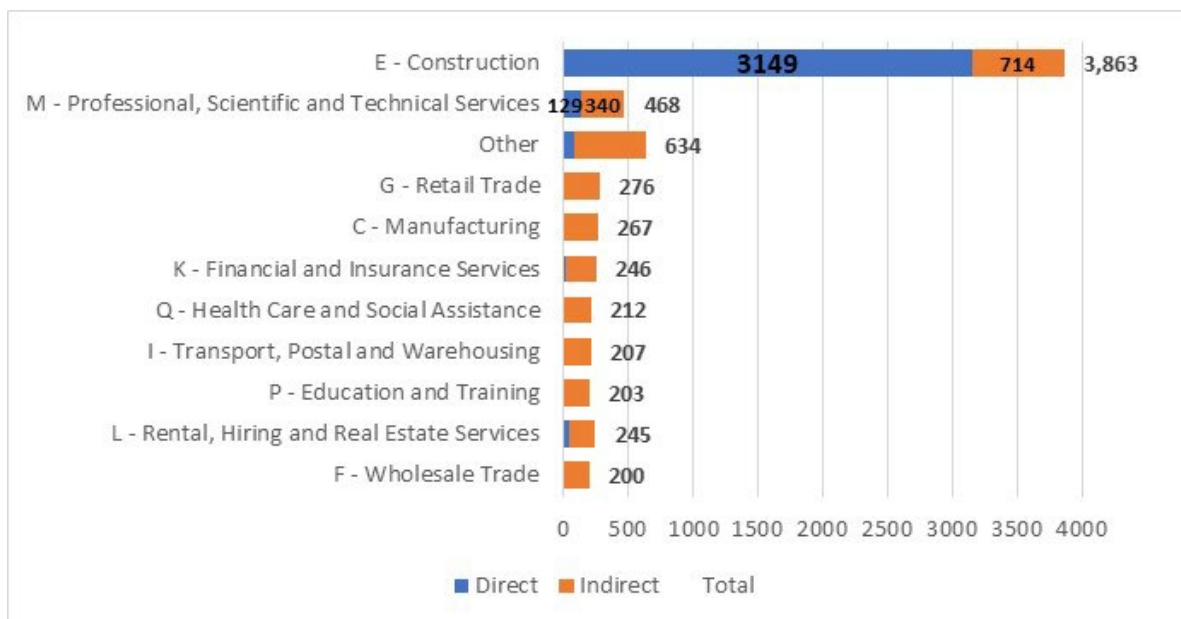
The commercial development and associated facilities represent a unique opportunity to provide increased amenity and services for the local catchment

5.4. TOTAL AUCKLAND DIRECT AND INDIRECT EMPLOYMENT

Figure 3 below disaggregates employment generated by sector and Direct and Indirect (including induced) FTE employment from the construction phase over the identified period. It illustrates the significant direct impact on the Construction sector (as well as Construction Services).

The figure below illustrates the sectors associated with direct employment measure approximately 3,420 FTE years with further 3,403 FTE years resulting from indirect and induced activity.

FIGURE 3: AUCKLAND EMPLOYMENT GENERATION BY SECTOR (DIRECT AND INDIRECT)



Source: Property Economics

¹¹ NB These are all jobs created through the direct construction phase including indirect and induced employment through all business sectors (not solely construction jobs).

6. ECONOMIC COST BENEFIT OVERVIEW

Due to the nature of the Project assessed, there are a range of potential economic costs and benefits that are likely to be achieved within the regional beyond the direct economic activity (employment and GDP) generated.

6.1. ECONOMIC BENEFITS

There are a number of potential economic benefits from the proposed development, including:

- Increased Employment Opportunities and Economic Activities
- Operational Efficiencies and Increased Competitiveness
- Sector Specific Growth
- Increased Local Amenity
- Greater Levels of Investment in the Local Market
- More Affordable Housing
- Greater Levels of Growth
- Increased Internalisation of Retail and Drury Centre Expenditure
- Improved Land Use Efficiency
- More efficient Infrastructure Use

These are articulated in more detail below.

- + **Increased Employment Opportunities and Economic Activities:** The project would directly promote Drury and the wider Auckland south's economy by providing more employment opportunities. These opportunities span across both temporary roles, such as those in construction, as well as ongoing permanent positions once the development is completed. This Project would not only bring an increase in locational employment sooner by also inject vitality into the local economy and ensure sustained economic growth for the community.

The opportunity to retain employment is vital for the economic wellbeing of the Region's economies (and to a proportionally greater degree the South Auckland sub-region). This in turn is likely to increase population growth and provide greater economies of scale and productivity.

- + **Operational Efficiencies and Increased Competitiveness:** Along with increasing labour productivities, the development of additional employment is likely to improve overall business efficiencies increasing the competitive environment for the region.

In addition, one of the purposes of the project is to improve productivity and economic efficiency as well as materially contributing to efficiencies within the Region.

The development of accessible and competitive opportunities provides increased competitive opportunities for the Region and local economy.

- + **Sector Specific Growth:** This development facilitates a change to both secondary and tertiary business sectors through both a competitive location and the introduction of activities to support employment and business growth.
- + **Increased Local Amenity:** Master-planned developments typically provide high amenity, comprehensively planned environment with purpose built, and targeted amenity values such as parks, playground, walk / cycleways and community facilities in a co-ordinated and integrated manner. This can significantly improve the amenities of the receiving environment and generate community benefits.
- + **Greater Levels of Investment in the Local Market:** The proposed Project will contribute to the overall development and revitalisation of the surrounding community, attracting investment and fostering local entrepreneurship. This can provide significant impetus for growing the local and regional economy.

In particular, the demand generated by this sizable Project will stimulate investment in various ancillary services and businesses. The presence of a centre this size can create opportunities for local entrepreneurs to innovate and offer unique services.

- + **More Affordable Housing:** Auckland is well known to be one of the least 'affordable' cities in New Zealand across many different measures of affordability. Although there are several contributing factors, an undersupply of new homes in the market relative to the increase in demand from the population growth, is one of the driving forces behind house price inflation.

Consequently, an increase in the supply of housing is generally positive for housing affordability. This is true even when more expensive homes are added to the market. As wealthier households upgrade to higher-priced housing, they free up lower-priced housing stock.

- + **Greater Level of Growth:** Growth from residential developments can often work as a catalyst that spurs further growth in the area. The project as a large-scale commercial, residential and community facilities development, could increase interest for additional residential and commercial activity within the Drury market and provide significant impetus for growing its economy.
- + **Increased Internalisation of Retail and Drury Centre Expenditure:** The project will encourage increased foot traffic to the area through employment, residents, and visitors attracted by the amenity and improved access to a major retail / commercial /

social destination. This will bring an increase in revenue and economic activity to the Auckland regional economy.

- + **Improved Land Use Efficiency:** With the Stage 1 development of the Drury Centre Precinct already approved, the remaining portion of the Drury Metropolitan Centre zone presents a natural opportunity for the efficient expansion of retail and commercial developments in the area. This extent of this application stands to benefit from economies of scale and increased productivity (\$ per sqm), thus catalysing the area's growth trajectory.

Additionally, its proximity to the Drury railway station shows the location suitable for accommodating higher densities of activities sooner, aligning with the directives outlined in the National Policy Statement on Urban Development (**NPS-UD**), particularly in directing developments towards existing and planned rapid transit stops (e.g., NPS-UD Policy 3).

- + **More Efficient Infrastructure Use:** Existing and future infrastructure that is put in place to service residents in and around the Drury Centre is used by a larger number of people sooner. This includes road / rail network, community facilities – libraries, halls, parks, aquatic centre, power and telecommunications, three waters. The larger number of people in the form of both increased employees using these infrastructure assets and increased residents living in the area lowers the marginal cost of the infrastructure.

6.2. ECONOMIC COSTS

Some of the economics costs of the Project include:

- **Cost of Infrastructure:** Although being directly adjacent to the Auckland urban boundary means the extent of required infrastructure upgrades is likely to be limited, the cost of any upgrades to the wider network will need to be facilitated by the Council.

As additional commercial and residential capacity is required over the medium to long term, the extent to which this can be considered an economic cost depends on the relative cost of servicing the infrastructure in an alternative location at a later point in time.

However, alternative locations in Drury are likely to require increased cost of infrastructure to service. Relevant to this, is the relative efficiency advantage of having a single developer service the infrastructure for the entire site, rather than requiring the Council to drive not only the wider infrastructure upgrades but also service the sites in Council driven plan changes.

Additionally, any infrastructure capital costs are likely to be mitigated, at least in part, through either developer contributions or the level at which the developer provides the

infrastructure itself. Essentially, the Council, through its DCP, is wanting to 'load' infrastructure costs in Drury to developers to the greatest extent possible so these costs are likely to impact the applicant rather than the general public.

- **Increased Congestion or Generation of Disbenefits:** Increased density can generate negative externalities, with the most pertinent being increased congestion. The greater level of foot traffic generated through increased development, increased employment and increased residential activity may impact the road and transport networks (alternatively this can support greater levels of public transport).

The increase in disbenefits, including congestion, is unlikely to be immediately appreciable, so traffic flow mitigation will likely be possible with sufficient planning. At this stage, this "cost" is unlikely to materially impact economic efficiencies associated with the Drury Centre. Additionally, the traffic assessment found that *'Based on the findings from this report, it is concluded that there are no traffic or transportation related reasons to preclude the approval of the resource consent as requested'*.¹²

Overall, it is expected that the potential adverse effects above will be managed appropriately and will be avoided or minimised to a point where they are inconsequential.

Given the scale of the economic benefits relative to the estimated "costs", it is not considered necessary to carry out a detailed cost benefit analysis in order to satisfy that the project will have a (significant) net benefit outcome.

¹² Drury Centre Stage 2 Integrated Transportation Assessment Report, CKL 14 March 2025, Page 103

7. CONCLUSION

Our EIA estimates that this proposed development would have significant and positive economic impacts on the Auckland Regional economy and, potentially more importantly, the local economies to protect, sustain and grow jobs and income. This essentially leverages off the locational attributes that the region provides for the Project, which allows retention of a greater level of activity throughout the construction and operation of the facilities.

It is important to note that these benefits exist within a timeframe that is likely to see significant uncertainty in development opportunities and a lower appetite for risk, impacting on both the construction and productive base of the regional economy.

The Project will:

- Facilitate a development project with significant sub-regional, regional and national benefits.
- Increase the supply of housing and will contribute in economic terms to a well-functioning urban environment (within the meaning of policy 1 of the National Policy Statement on Urban Development 2020).

The proposal will generate significant economic benefits including:

- Total construction expenditure of just over \$1.47b.
- Total 11-year (to 2035) Regional economic contribution of around \$1.45b (NPV).
- Total 11-year Regional employment generation through the development phase of 7,750 FTE years.

When considering section 85 of the Act (as outlined above), the proposal will generate significant regional benefits that will comfortably outweigh any adverse economic impacts.